

International Labour Review

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- 285 **SMARTer indicators for decent work in a post-2015 development agenda: A proposal**
Martin OSTERMEIER, Sarah LINDE, Jann LAY and Sebastian PREDIGER
The MDG employment indicators suffer from major shortcomings, including measurement problems, inappropriate use of aggregate statistics, ambiguous interpretability, and assumptions that do not apply to developing countries. Based on this critique, the authors propose a new set of four indicators for productive employment and decent work, namely: the growth of labour value added per worker, the working poverty rate, the share of workers receiving less than an absolute minimum labour income, and the share of workers receiving less than 60 per cent of the median labour income. They demonstrate the empirical application of these indicators using the country cases of Uganda and Peru.
KEYWORDS: DECENT WORK, WORKING CONDITIONS, INCOME DISTRIBUTION, POVERTY, ECONOMIC INDICATOR, SOCIAL INDICATOR, CASE STUDY, PERU, UGANDA.
- 303 **Social upgrading in globalized production: The case of the textile and clothing industry**
Céline GIMET, Bernard GUILHON and Nathalie ROUX
Vertical specialization generated by the international fragmentation of production within global networks is driven not only by comparative advantage, but also by the locational decisions of lead firms which determine the role and bargaining power of local producers in their value chain. This study examines the consequences of such specialization in textiles and clothing for 26 labour-abundant countries from 1990 to 2007. Fixed effects regressions based on panel data reveal that the industry does not always reap the benefits of the resulting international trade integration.

Rather, the authors observe a negative relationship between vertical specialization and relative real wages in the textile and clothing industry.

KEYWORDS: INTERNATIONAL RELOCATION OF INDUSTRY, WAGE DIFFERENTIAL, CLOTHING INDUSTRY, CLOTHING WORKER, LOW WAGES, VALUE CHAINS.

SPECIAL FEATURE: INFORMALITY: MEASUREMENT, PATTERNS AND TRENDS

- 331 **Out of the shadows: Classifying economies by the extent and nature of employment in the informal economy** Colin C. WILLIAMS

Given the prevalence of informality, this article proposes a typology for classifying countries by the extent and nature of employment in the informal economy, rather than by the composition of their formal economies. The author analyses ILO data on employment in the informal economy in 36 developing countries, and shows that there is a significant correlation between cross-national variations in the degree and intensity of informalization and cross-national variations in social and economic indicators such as levels of GNP per capita, corruption, poverty, taxation and social contributions. The article concludes by discussing implications for theory and policy.

KEYWORDS: INFORMAL EMPLOYMENT, INFORMAL ECONOMY, ECONOMIC INDICATOR, SOCIAL INDICATOR, CLASSIFICATION.

- 353 **Informality in a micro economy: Measurement, composition and consequences** Mustafa BESIM, Tufan EKICI and Glenn P. JENKINS

This article measures the extent of – and unrecorded income generated by – informal employment in a micro economy characterized by poor governance. Household survey and census data are used to estimate the number of informal workers in Northern Cyprus and analyse the characteristics of informal employment, for the period 2004–11. Informal workers are mostly comprised of citizens with no social security registration, illegally employed immigrants or second-job holders who have not registered their second jobs. In terms of value added, the estimated size of the informal economy is 9.1 per cent and 12.2 per cent of GNP in 2006 and 2011, respectively.

KEYWORDS: INFORMAL ECONOMY, INFORMAL WORKERS, PRECARIOUS EMPLOYMENT, ECONOMIC EVALUATION, SURVEY, CASE STUDY, CYPRUS.

- 373 **Pressures towards and against formalization: Regulation and informal employment in Mozambique** Pauline DIBBEN, Geoffrey WOOD and Colin C. WILLIAMS

The informal economy accounts for the bulk of employment in many emerging economies. Regulation theory suggests that all economic activity is characterized by a complex combination of formal and informal regulation. Looking at the case of Mozambique, this article explores the pressures towards and against formalization, and the forms regulation can take, drawing on qualitative research based on in-depth elite interviews and observation. The findings highlight how the State's role in promoting formalization of the informal economy is ambivalent; its approach incorporates both "progressive" elements, which focus on the modernization of regulations and institutions, and "conservative" elements, which inhibit this process of change.

KEYWORDS: INFORMAL EMPLOYMENT, INFORMAL WORKERS, REGULATION, INFORMAL ECONOMY, STATE INTERVENTION, CASE STUDY, MOZAMBIQUE.

- 393 **Non-compliance with India's Factories Act: Magnitude and patterns** Urmila CHATTERJEE and Ravi KANBUR

While non-compliance with legislation and regulations is said to be rife in developing countries, there is limited systematic evidence of the magnitude of non-compliance. The authors quantify non-compliance with India's Factories Act in 2010 and find that the number of non-compliant firms is nearly twice that of compliant firms, and much larger than the number of firms "adjusting out" of the legislation. Thus, non-compliance with the Factories Act is a key feature of India's "missing middle".

The main trends and patterns of non-compliance are explored, and a number of key issues highlighted for further analytical and policy research.

KEYWORDS: COMPLIANCE, REGULATION, MANUFACTURING, FACTORY, DATA ANALYSIS, INDIA.

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